

Message Text

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PAGE 01 STATE 144890

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TO AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

INFO AMEMBASSY BONN

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AMEMBASSY LUXEMBOURG

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AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMCONSUL DUSSELDORF

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STADIS

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TAGS: EIND, ETRD

SUBJECT: STEEL VRA - WIRE ROD EXPORTS

1. IN RECENT WEEKS, PACE AND INTENSITY OF INQUIRIES TO DEPARTMENT FROM INDEPENDENT US WIRE DRAWERS, COMPLAINING OF INABILITY OBTAIN REQUIREMENTS OF CARBON STEEL WIRE ROD FROM US STEEL MILLS AND OF DIFFICULTIES IN OBTAINING THIS WIRE ROD FROM FOREIGN MILLS, HAS QUICKENED. A NUMBER OF THESE INQUIRIES HAVE BEEN THROUGH CONGRESSIONAL CHANNELS. INDEPENDENT WIRE DRAWERS ATTRIBUTE DIFFICULTIES IN OBTAINING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 144890

FOREIGN WIRE ROD TO VRA LIMITATIONS, AND ASK THAT WIRE ROD

BE EXCLUDED FROM VRA COVERAGE, AT LEAST TEMPORARILY, IN ORDER ALLEVIATE EXTREMELY TIGHT US SUPPLY SITUATION.

2. AMERICAN IRON AND STEEL INSTITUTE(AISI) DATA SHOW JAN-MAY 1973 NET SHIPMENTS BY US STEEL MILLS OF 859,000 NET TONS CARBON STEEL WIRE ROD, UP 15.6 PERCENT OVER 743,000 TONS SHIPPED IN JAN-MAY 1972. HOWEVER, INASMUCH AS TOTAL CARBON STEEL SHIPMENTS BY US MILLS INCREASED BY 27.6 PERCENT DURING THIS PERIOD, FROM 33.3 MILLION TONS IN 1972 TO 42.5 MILLION TONS, WIRE ROD SHIPMENTS AS PROPORTION OF TOTAL CARBON STEEL SHIPMENTS DECLINED SLIGHTLY, FROM 2.2 PERCENT TO 2.0 PERCENT IN 1973. DEPARTMENT UNDERSTANDS THAT PROSPECTS OF US MILLS FURTHER INCREASING WIRE ROD SHIPMENTS APPEAR LIMITED AT THIS TIME, DUE HEAVY DEMAND FOR ALL STEEL MILL PRODUCTS.

3. ON FOREIGN SUPPLY SIDE, REVIEW OF USG STEEL IMPORT DATA (DATE OF IMPORT BASIS) INDICATES THAT FAR FROM LIMITING US SUPPLIES OF IMPORTED WIRE ROD, VRA PARTICIPANTS HAVE INCREASED CARBON STEEL WIRE ROD EXPORTS TO US SUBSTANTIALLY IN 1973. IN CONTRAST, WIRE ROD EXPORTS TO US BY NON-VRA COUNTRIES, WHOSE PRODUCERS OF COURSE NOT BOUND BY ANY RESTRAINT UNDERTAKINGS HAVE DECLINED: TOTAL US CARBON STEEL WIRE ROD (EXCLUDING ALLOY, STAINLESS, AND TOOL STEEL WIRE ROD) IMPORTS DURING JAN-MAY 1973 TOTALED 591,705 NET TONS, UP 27.7 PERCENT OVER 463,484 TONS IMPORTED IN JAN-MAY 1972. JAN-MAY 1973 IMPORTS FROM EC TOTALED 405,140, UP 42.7 PERCENT OVER 283,956 IN 1972; WHILE IMPORTS FROM JAPAN TOTALED 118,349, UP 8.0 PERCENT OVER 109,572. IMPORTS FROM VRA PARTICIPANTS AS GROUP TOTALED 523,489, UP 33.0 PERCENT OVER 393,528 LAST YEAR. JAN-MAY 1973 IMPORTS FROM NON-VRA COUNTRIES, ON OTHER HAND, DECLINED 2.5 PERCENT, FROM 69,956 IN JAN-MAY 1972 TO 68,216.

4. FRANCE, GERMANY, UK AND BELGIUM-LUXEMBURG ARE MAIN EC CARBON WIRE ROD SUPPLIERS TO US MARKET, WITH JAN-MAY 1973 IMPORTS FROM THESE AS FOLLOWS: FRANCE, 174,310 NET TONS, UP 15.5 PERCENT OVER 150,983 IN 1972; GERMANY, 116,412, UP 133.0 PERCENT OVER 49,967; UK, 88,295, UP 53.0 PERCENT OVER 57,699; BEL-LUX, 22,828, UP 13.4 PERCENT OVER 20,136. SHARP

CONFIDENTIAL

PAGE 03 STATE 144890

RISE IN EC WIRE ROD EXPORTS HAS RESULTED IN SUBSTANTIAL INCREASE OF WIRE ROD IN OVERALL PRODUCT MIX OF STEEL EXPORTS TO US. COMPARED WITH 10.4 PERCENT AVERAGE DURING 1969-71 VRA BASE PERIOD, WIRE ROD (INCLUDING ALLOY, STAINLESS AND TOOL) REPRESENT 14.6 PERCENT OF TOTAL EC 1973 STEEL SHIPMENTS RECEIVED IN US THROUGH END MAY 1973 (BASED ON DATE OF EXPORT ANALYSIS). IN 1972, WIRE ROD EXPORTS REPRESENTED 11.3 PERCENT OF TOTAL EC STEEL EXPORTS TO US.

5. IN CASE OF JAPAN, JAN-MAY 1973 DATE OF EXPORT ANALYSIS SHOWS WIRE ROD REPRESENTING 5.7 PERCENT OF TOTAL STEEL EXPORTS TO US, COMPARED WITH 6.6 PERCENT AVERAGE DURING 1969-71 VRA BASE PERIOD. IN 1972, WIRE ROD ACCOUNTED FOR 6.0 PERCENT OF TOTAL STEEL EXPORTS TO US.

6. EMBASSIES BRUSSELS AND TOKYO REQUESTED DISCUSS WIRE ROD EXPORTS WITH EC STEEL CLUB (VAN DER REST) AND JAPAN IRON AND STEEL EXPORTERS ASSOCIATION (JISEA - YAMADA), RESPECTIVELY, AND INQUIRE RE POSSIBILITIES OF EC AND JAPANESE STEEL PRODUCERS FURTHER INCREASING THEIR CARBON STEEL WIRE ROD EXPORTS TO US. IN CASE OF JAPAN, EMBASSY MIGHT WISH NOTE INDICATING THIS MATTER WITH JISEA THAT AS PERCENTAGE OF OVERALL JAPANESE PRODUCT MIX, WIRE ROD

EXPORTS DURING 1972 AND THUS FAR IN 1973 WERE BELOW THE AVERAGE DURING 1969-71 VRA BASE PERIOD.

7. FYI. INFORMAL DISCUSSIONS WITH AISI INDICATE THAT HEAVY DEMAND CURRENTLY BEING ENJOYED BY US STEEL PRODUCERS MAKE IT EXTREMELY UNLIKELY THAT US MILLS WOULD MAKE ISSUE OF WIRE ROD IF VRA EXPORTS THIS COMMODITY EXCEED VRA PRODUCT MIX LIMITS. AS NOTED ABOVE, EC CURRENTLY SUBSTANTIALLY OVER THESE LIMITS, BUT WE HAVE NOT RPT NOT RECEIVED ANY COMPLAINTS FROM US STEEL INDUSTRY RE EC WIRE ROD EXPORTS. END FYI.

8. IN DISCUSSING THIS MATTER WITH EUROPEANS AND JAPANESE, POSTS SHOULD MAKE CLEAR THAT REQUEST FOR INCREASED WIRE ROD EXPORTS APPLIES ONLY TO CARBON STEEL WIRE ROD, AND NOT RPT NOT TO ALLOY, STAINLESS OR TOOL STEEL WIRE ROD. ROGERS
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PAGE 04 STATE 144890

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